GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1720
ANSWERED ON:25.11.2016
ATMs Operating Agencies
Ray Dr. Ravindra Kumar

Will the Minister of FINANCE be pleased to state:

(a) the norms for appointing ATM operating agencies/companies by Public Sector Banks (PSBs);
(b) the details of agencies which are operating ATMs of banks in the country, agency/ bank-wise;
(c) whether there is any provision for ATM operating companies to submit their audit reports every year in time; and
(d) If so, the details thereof and if not, the action against such defaulting companies?

Answer

The Minister of State in the Ministry of Finance

(a) It is informed that Banks have been permitted outsourcing of financial services vide circulars dated November 3, 2006 and March 11, 2015 on 'Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks' issued by Reserve Bank of India (RBI).

Due diligence in outsourcing involves an evaluation of all available information about the service provider, inter alia including but not limited to security and internal control, audit coverage, reporting and monitoring environment, Business continuity management. The terms and conditions governing the contract between the bank and the service provider should be carefully defined in written agreements and vetted by bank''s legal counsel on their legal effect and enforceability.

(b) Total ATMs for Scheduled Commercial Banks as on June 30, 2016 is 201334. The details of White Label ATMs (WLAs) managed by agencies is as under:-

Name of the Entity Metro Centres Urban Centres Semi-Urban Centres Rural Centres Total
Tata Communications Payment Solutions Ltd. 1310 1226 2507 3212 8255
Hitachi Payment Services Pvt. Ltd. 159 228 355 298 1040
Muthoot Finance Ltd 28 60 74 22 184
BTI Payments Pvt. Ltd 132 142 1495 2028 3797
Vakrangee Limited 106 63 45 90 304
Riddhi Siddhi Bullions Limited 21 96 73 14 204
AGS Transact Technologies Ltd 62 10 0 1 73
Total (WLAs) 1818 1825 4549 5665 13857

(c) Regular audits by either the internal auditors or external auditors of the bank is conducted to assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement.
(d) The audit reports are to be acted upon by the banks.
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